



JANET T. MILLS
GOVERNOR

STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



HEATHER JOHNSON
COMMISSIONER

Testimony Of: Karen Carberry Warhola
Neither for Nor Against LD 1334

An Act To Promote Economic Development through Increased Film Incentives
May 12, 2021

Senator Chipman, Representative Terry and members of the Committee on Taxation, my name is Karen Carberry Warhola and I am the Director of the Maine Film Office within the Office of Tourism at the Department of Economic and Community Development. I am submitting written testimony neither for nor against LD 1334.

Maine's film/tv/media industry is already a viable and important part of Maine's economy. The Film Office has databases of 496 residents and businesses, and 698 property owners or managers who are involved in this industry. Notably, these numbers are increasing.

This industry is part of the manufacturing sector. Its products include movies, television shows, commercials, photography, and corporate videos. These products are being used by schools to educate; by businesses to reach customers and drive engagement; by organizations to create marketing messages; and by other industries to market and promote their goals. This industry is already present and viable in Maine and seeks opportunity to innovate and spur growth in the manufacturing sector.

With a rapid shift to remote work and online meetings, many businesses, organizations, and communities have turned to film, video, photography, and digital media content to reach their audience. New media marketing is expanding and allowing business to promote their brands and sell their products and services through established and emerging online channels.

The highly respected strategic consultancy for creative industries, Olsberg•SPI, released a report in June of 2020 on the impact of film and television production on economic recovery from COVID-19. According to the Association of Film Commissioners International, "The [Olsberg•SPI] report details the scale and economic impact of film and television production globally, shows the rapid nature of the spend [in the local economy] and the wide-ranging business sectors which benefit. Critically, many of these sectors are outside the film and television industry." On average, 67% of production costs are spent in other business sectors.

The creation of digital or digitally enabled products across multimedia platforms has accelerated during COVID and will continue to expand post pandemic. States that create a hub of excellence in this sector will attract a younger, more diverse, highly educated workforce; retain students who want to live here



STATE OF MAINE
DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT



JANET T. MILLS
GOVERNOR

HEATHER JOHNSON
COMMISSIONER

after graduation; and incentivize a remote workforce, inspired to move here during the pandemic, to stay in Maine.

Technical and creative jobs in this high-tech industry based on digital technology pay well and help attract and build a skilled workforce. This workforce brings their families with them and their spouses also join the workforce. They buy houses, enroll their children in school, and pay taxes; and their consumer spending stimulates increased growth across all business sectors in Maine.

The film/tv/media industry supplies value-added direct and indirect benefits and is inextricably linked to Maine art, business, tourism, retail, and other industries. The value-added resources offered by this industry help promote and stimulate Maine's commercial activity and can be a valuable resource for the State's recovery efforts and Economic Development Strategy.

Unlike some tax incentives programs, the benefits of incentives in this industry are realized immediately – in various sectors of the State's economy - and the return on investment of the incentives is readily quantifiable. An investment in the growth of this industry can help existing business and fuel new business development, and is an investment in the recovery, economic development, and growth of the Maine economy.

The Film Office encourages the support of the growth of this industry and defers to Maine Revenue Services on tax related issues.

DECD also supports the Department of Administrative and Financial request to carry this bill over to the next session.

Thank you.